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FM AMEMBASSY BANDAR SERI BEGAWAN

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INFO RUEHZU/ASIAN PACIFIC ECONOMIC COOPERATION PRIORITY

C O N F I D E N T I A L SECTION 01 OF 02 BANDAR SERI BEGAWAN 000573

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DEPARTMENT FOR EAP/MTS, EAP/RSP AND EAP/EP

E.O. 12958: DECL: 11/07/2016

TAGS: ECON PARM PTER TSPL BX

SUBJECT: BRUNEI WANTS FREE TRADE AT TOP OF APEC AGENDA

REF: A. SECSTATE 177258

¶B. BANDAR SERI BEGAWAN 572

Classified By: DCM Justin Friedman, reasons 1.4 (b) and (d)

SUMMARY

¶1. (C) Brunei's top priority for the upcoming APEC Leaders meeting and beyond is to encourage movement on regional free trade agreements (see also ref B). The GoB's approach to multilateral fora will remain to listen to others and seek consensus. The GoB wants to advance APEC's capacity-building agenda for trade and development. Brunei also strongly supports APEC's security agenda and generally supports the early draft of the Leaders' Statement on WMD. Brunei does not see the need to move quickly on APEC structural reforms.
END SUMMARY.

YES TO FREE TRADE -- AND BRUNEI HAS A MODEL

¶2. (SBU) DCM delivered ref A points to Hakashah Samad, Special Duties Officer at the Ministry of Foreign Affairs and Trade (MOFAT). Samad is the GoB's go-to person on APEC, having been focused on these issues since 2002. Before DCM started, Samad accurately predicted U.S. views on over half our talking points.

¶3. (C) Samad said that the GoB approach to the upcoming Leaders' Meeting would be to not/not take the lead, but to listen to others' views and join in on consensus issues. That said, Brunei strongly supported APEC discussion on an APEC-wide free trade agreement. Separately, MOFAT Permanent Secretary Lim Jock Hoi told the Ambassador that the GoB was

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looking to the U.S. to send a strong signal in support of regional free trade at APEC (ref B). Samad said that the GoB saw the Trans Pacific Strategic Economic Partnership Agreement (hereafter, P-4) with Singapore, Chile, and New Zealand as an excellent template for an FTAAP. He said that the GoB saw the non-prescriptive, non-binding design as a major advantage of the P-4 model. Canada, Hong Kong, and Peru had all expressed interest in the P-4, and Samad was hopeful that Peru would soon be ready to announce its interest in joining. Samad acknowledged that the two toughest chapters - investment and services - were not yet complete. He noted that the P-4 will hold a mini-summit at the APEC Leaders meeting and hoped this would generate the momentum needed to complete the agreement in the next twelve months.

¶4. (C) On the model chapters of the FTAAP under discussion, Samad said the GoB had no objections to the U.S. draft on rules of origin. He cautioned that the GoB had limited capacity to review chapters and may not be able to move as

quickly on specific issues, noting government procurement rules in particular.

Yes to Development

15. (C) Samad said that Brunei believed that APEC had an important role in fostering regional development through capacity building. APEC supported efforts to promote cultural understanding and interfaith dialog need to continue hand-in-hand with development. This was needed to help ensure broader support for the trade liberalization goals agreed to in Bogor. Brunei endorsed the Hanoi Action Plan to reach Bogor goals as laid out in the Pusan road map. On the technology choice pathfinder, Samad said that the GoB was not yet ready to join. MOFAT experts support joining the pathfinder, but a final decision is pending review from GoB IT experts that Brunei can implement what is called for in the pathfinder.

Moving Forward on IPR

16. (C) The GoB in principle supports strengthening IPR protections. Draft legislation to stiffen penalties for violations and improve enforcement tools is currently under review by the Attorney General's office to ensure it complies with Brunei's existing treaty obligations.

Security is Part of APEC's Value

17. (C) Samad said that Brunei welcomes security dialogue and cooperation in the APEC context. He said the GoB would soon complete necessary bureaucratic processes to identify Brunei's point of contact on for the Aviation Security POC Network.

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He reviewed the draft WMD statement and indicated that the current language had removed some of the more objectionable language from previous versions. While he could not give a final answer, he indicated that the GoB would likely support a text close to this draft.

Go Slow on APEC Reform

18. (C) Samad cautioned that the GoB approach to APEC reform would be, "don't fix it if it is not broken." Coming out of the Danang discussions, Brunei did not understand the need to have both a Chief Operating Officer and an Executive Director. Brunei is comfortable with the current rotational system for the Secretariate and worried that the selection process for a professional ED would become politicized with unwanted consequences. Samad said the GoB was also concerned about the costs of hiring a COO and wondered if a small IT staff couldn't perform this function for the time being.

FRIEDMAN